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C O N F I D E N T I A L SECTION 01 OF 04 JEDDAH 000475

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SUBJECT: FOREIGN MINISTER DISCUSSES TEHRAN MEETING OF IRAQ  
NEIGHBORS CONFERENCE AND IRAQ COMPACT WITH AMBASSADOR

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CLASSIFIED BY: AMBASSADOR JAMES C. OBERWETTER, FOR REASONS  
1.4 (B) AND (D).

¶1. (C) SUMMARY: ON JULY 11, THE AMBASSADOR MET WITH SAUDI FOREIGN MINISTER SAUD A-FAISAL AND DISCUSSED THE RECENT TEHRAN MEETING OF THE IRAQ NEIGHBORS GROUP AND THE IMPENDING INTERNATIONAL COMPACT FOR IRAQ CONFERENCE. IN TEHRAN, THE "FRANK" MULTILATERAL DISCUSSIONS ADDRESSED A VARIETY OF PRACTICAL ISSUES, ACCORDING TO THE FOREIGN MINISTER. THE SAUDI POSITION WAS REPORTEDLY THAT OTHER STATES SHOULD PROVIDE ASSISTANCE, BUT NOT INTERFERE IN IRAQI AFFAIRS. IRAQ ANNOUNCED A WILLINGNESS TO REVIEW AND AMEND ITS CONSTITUTION. IRAN OPPOSED THIS OFFER. IT WAS DECIDED THAT ONLY IRAQ WOULD BE ABLE TO CONVENE FUTURE NEIGHBOR'S MEETINGS, ALTHOUGH MEMBERS WILL BE PERMITTED TO DISCUSS IRAQ ISSUES INFORMALLY AT OTHER INTERNATIONAL VENUES, AND ANTICIPATE DOING SO AT THE UN IN SEPTEMBER. A PROPOSAL FOR A NEIGHBOR'S MEETING IN BAGHDAD WAS POSTPONED, BECAUSE OF SECURITY CONCERNS. IRAQ'S FOREIGN MINISTER REJECTED INCORPORATING MILITIAS INTO THE ARMED FORCES. SAUDI ARABIA SUPPORTED ENLISTING "PROFESSIONALS" INTO THE ARMY REGARDLESS OF PAST BAATHIST LINKS, PROVIDING THEY HAVE NO "CRIMINAL" CONNECTIONS. THE SAUDIS NOTED A STRONG NATIONALIST, AS OPPOSED TO INTERNATIONALIST ATTITUDE IN IRANIAN BEHAVIOR.

¶2. (C) SUMMARY CONTINUED: IN BILATERAL TALKS, THE SAUDIS CONFRONTED IRAN ON A NUMBER OF CONTENTIOUS ISSUES, ACCORDING TO SAUD AL-FAISAL. THE FOREIGN MINISTER DIRECTLY WARNED THE IRANISANS NOT TO INTERFERE IN ARAB AFFAIRS AND ENUMERATED A NUMBER OF AREAS WHERE HE BELIEVED IRAN WAS NOW DOING SO. HE CAUTIONED IRAN THAT IF IT SUPPORTED CERTAIN FACTIONS WITHIN IRAQ, OTHER STATES WOULD SUPPORT DIFFERENT GROUPS. SAUD ALSO WARNED IRAN AGAINST GIVING AID TO THE PALESTINIAN AUTHORITY (PA) TIED TO THE PA ADOPTING SPECIFIC POLITICAL OR MILITARY POLICIES OR ENCOURAGING VIOLENCE. THE IRANISANS REJECTED ALL THESE CHARGES, BUT WITHOUT BLUSTER. SAUD AL-FAISAL COMMENTED THAT, "WE TREAT IRAN WITH RESPECT AND EXPECT RESPONSIBILITY." THE FOREIGN MINISTER URGED IRAN TO ACCEPT NEGOTIATIONS ON THE NUCLEAR ISSUE. IRAN DENIED IT WAS PURSUING WMD. SAUD SURMISED THAT IRAN IS COPYING NORTH KOREA, BY FIRST SEEKING NUCLEAR CAPABILITIES AND THEN ASKING FOR CONCESSIONS FROM THE INTERNATIONAL COMMUNITY. WHILE SAYING THAT SAUDI ARABIA SUPPORTS THE NPT, SAUD

AL-FAISAL ALSO ARGUED THAT THE EXISTENCE OF AN ISRAELI BOMB UNDERCUTS ALL ANTI-PROLIFERATION ARGUMENTS IN THE MIDDLE EAST. THE AMBASSADOR PROMOTED SAUDI PARTICIPATION IN THE INTERNATIONAL COMPACT FOR IRAQ (ICI) CONFERENCE AND ENCOURAGED THE SAUDIS TO FORGIVE IRAQ'S DEBT TO THE KINGDOM. WHILE WILLING TO PARTICIPATE, THE FOREIGN MINISTER DEMURRED ON THE DEBT ISSUE, COMPLAINING THAT IRAQ HAS NOT ACCEDED TO THE SAUDI REQUEST TO SEND AN OFFICIAL TO DISCUSS THE ISSUE. HE SUGGESTED THAT THE NEW GOVERNMENT BE ASKED TO SEND A FINANCE OFFICIAL TO DISCUSS DEBT-RELIEF WITH SAUDI ARABIA. END SUMMARY.

MEETING WITH SAUD AL-FAISAL IN JEDDAH

13. (C) ON JULY 11, AMBASSADOR OBERWETTER, ACCOMPANIED BY RIYADH CONSUL GENERAL AND JEDDAH POL/ECON CHIEF (NOTE-TAKER) MET WITH SAUDI FOREIGN MINISTER PRINCE SAUD AL-FAISAL IN THE NEWLY RENOVATED MINISTRY OF FOREIGN AFFAIRS BUILDING IN CENTRAL JEDDAH. ALSO PRESENT AS SAUDI NOTE-TAKER WAS AMBASSADOR DR. KHALID IBRAHIM AL-JINDAN. THE BUILDING ONCE SERVED AS THE OFFICE OF KING FAISAL AND THE FOREIGN MINISTER NOW OCCUPIES THE VERY OFFICE ONCE USED BY HIS FATHER.

TEHRAN IRAQ NEIGHBOR'S CONFERENCE "OPEN AND FRANK"

14. (C) THE FOREIGN MINISTER PROVIDED THE AMBASSADOR WITH A DETAILED DESCRIPTION OF THE RECENTLY CONCLUDED IRAQ NEIGHBOR'S MEETING IN TEHRAN. HE DESCRIBED THE DISCUSSIONS AS "FRANK AND OPEN." THE MINISTER SEEMED GENERALLY SATISFIED WITH THE COURSE OF THE MEETING. THE SAUDIS HAD ORIGINALLY APPROACHED IT WITH CAUTION, HE NOTED, AND WERE DISINCLINED TO ATTEND UNTIL THEY WERE INFORMED THAT REPRESENTATIVES OF THE IRAQI GOVERNMENT WOULD COME. HE ADDED THAT THE SAUDI GOVERNMENT (SAG) AGREED TO ATTEND ONLY IF THE TRADITIONAL DIPLOMATIC FORMS OF PLENARY AND BILATERAL SESSIONS WERE DISCARDED AND THE PARTICIPANTS DISCUSSED "REAL ISSUES."

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SAUDI POSITION: ASSISTANCE FOR IRAQ, NOT INTERFERENCE

15. (C) The Foreign Minister said the Saudi delegation made three points: Interference in the internal affairs of Iraq was not acceptable; the obligations of Iraq's neighbors should be defined; and Iraq should make its needs known. According to Saud, the Iraqi Foreign Minister explicitly charged that his government had evidence that Iran and Syria were interfering in Iraq. Saud related that the two countries denied the allegations, but nevertheless, accepted the criticism gracefully; the Iranians insisted that they only wanted to help Iraq.

IRAQ ANNOUNCES IT MAY REVIEW CONSTITUTION

16. (C) During the talks, the Iraqi representative said that the new government was willing to review its constitution and consider adopting changes, especially in the sections dealing with federalism. The Neighbors did not take a position on this issue because not all Iraqi factions were represented and had made their positions known. Among the countries present, the only objection came from Iran. Iran opposed altering the Iraqi constitution, insisting that it was an internal Iraqi matter. Saud al-Faisal noted that said the meeting's communique will address the issue.

IN FUTURE, ONLY IRAQ WILL BE ABLE TO CALL MEETING ON IRAQ

17. (C) The participants did decide that henceforth, only Iraq will be permitted to convene similar meetings of its neighbors. That said, they also reserved the right to discuss Iraq-related issues as an adjunct of other international meetings. Consequently, it was accepted that the next informal talks among Iraq's neighbors will be held on the margins of the UN

General Assembly in September.

#### NEIGHBOR'S MEETING IN BAGHDAD?

18. (C) The participants postponed a decision on holding a future meeting in Baghdad. Saud al-Faisal stressed that such a meeting must be about Iraqi development, not security.

The SAG is concerned that security in Baghdad remains so poor and uncertain that the attendees would inevitably discuss security matters instead of critical "practical" development issues. Furthermore, such a large number of senior officials would present an attractive target to insurgents, and if anything happened at the conference, it could undermine the very reason for the meeting. The Foreign Minister stated, "A meeting will not bring security; security is a prerequisite for the meeting."

#### MILITIAS AND THE IRAQI ARMED FORCES

19. (C) Iraq explicitly rejected the idea of incorporating militias into its armed forces, according to Saud al-Faisal. The Saudis supported this position, he said, insisting that militia members could not be trusted to be loyal to the national government. He added that Iraqi PM Maliki had voiced the same position in his meetings with King Abdullah last week. Saud al-Faisal then went on to vigorously defend enlisting those with Baathist connections into the army. He insisted that everyone who had been in the army had had to join the Baathist Party, but they were nevertheless professional soldiers, including both Sunnis and Shia, and should not be excluded from military service now that their country desperately needs reliable, professional armed force.

He quickly added that anyone associated with criminal acts during or following the Baathist regime, should, of course be excluded from the military.

#### AHMADINEJAD TAKES NATIONALIST, NOT INTERNATIONAL ISLAMIST LINE

110. (C) Saud reported that Iranian President Ahmadinejad gave his "usual speech" at the beginning of the Conference.

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The Foreign Minister commented that the speech revealed Ahmadinejad as more of a national Islamist rather than an international Islamist. In fact, he noted that the Iranians were more nationalistic than Islamist. He reported with a smile that, at the opening of the session, "We heard the Iranian national anthem before we heard the Koran."

#### SAUDI-IRANIAN BILATERAL TALKS STRESS NON-INTERFERENCE

111. (C) In conjunction with the conference, Iran and Saudi Arabia also held bilateral discussions lasting more than 90 minutes. From the Foreign Minister's perspective, these discussions were even more "frank and open" than the multilateral discussions. According to Saud al-Faisal, he bluntly told the Iranians not to interfere in Arab affairs and accused them of involvement in Iraq, Syria, Lebanon, and now Palestine. Iranian proselytizing of Alawites in Syria is a particular concern, he noted. Saud al-Faisal regretted that he did not have more intelligence concerning Iranian activities in the Middle East with which to confront their government. Nevertheless, he warned the Iranians that if they persisted in supporting one faction, it would force other interested parties to support other factions. He argued to the Iranians that, "You cannot view yourself as protectors of the Shia. You must work for unity and stability."

#### IRAN DENIES INTERFERENCE: SAUDIS WARN AGAINST STARTING COMPETITION

¶12. (C) The Ambassador asked how the Iranians had reacted to such a direct approach. Saud al-Faisal repeated that the Iranians "denied all." The Iranians responded, "Can't you see that we are all working in the same direction?" In response to the Iranian denial, the Foreign Minister informed them that if it became a competition to support factions, Saudi Arabia can afford to give more support than Iran, but that "this is bad for everyone." According to Saud al-Faisal, he warned the Iranians that, "It is the worst of times;" their policy is divisive. Rather than sow factionalism, they should work for agreement in Lebanon and Palestine.

FOR THE PALESTINIANS: ASSISTANCE, NOT BLOOD MONEY

¶13. (C) Saud al-Faisal noted that he told the Iranians that providing assistance to the Palestinians was appreciated, but it should not be linked to the Palestinian Authority taking specific political actions or encourage further conflict. Such actions are detrimental to the Palestinians and their cause, he said. "Urging conflict," he told the Iranians, "when there is no way for the Palestinians to protect themselves doesn't help. We advised them to desist from urging a return to violence." He then pointedly told the Iranians to stop their involvement in these activities and work for unity between the factions. He ended by telling the Iranians they should give the Palestinians "assistance, not blood money." The Foreign Minister confided that the Iranians took the charges well. "The King wanted us to be frank. When confronted with the truth," he said, "they will change." He went on to say that the SAG has seen some change in the Iranians and the two governments are still "testing each other." Saud al-Faisal said, "We treat the Iranians with respect and expect responsibility in return." The Foreign Minister told Iran they would welcome an official visit.

SAUDIS URGE NEGOTIATIONS ON NUCLEAR ISSUE

¶14. (C) When the Ambassador asked if the Foreign Minister had raised the nuclear issue with the Iranians, he replied in the affirmative, noting that he had counseled the Iranians not to delay the negotiations. The Iranians were told that this was not exclusively an issue between Iran and Israel and the West. The Arab World was extremely concerned. The Iranian campaign to develop nuclear capabilities, coupled with Iran's increasing interference in Arab affairs, could be construed by Arab states as intimidation. "Non-proliferation," according to the Foreign Minister, "is the best policy." Saud cautioned the Iranians that

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"the Israeli nuclear program is a danger, not something to be emulated."

IRAN DENIES INTEREST IN WMD; FOLLOWING NORTH KOREAN PATH

¶15. (C) The Iranians assured Saud al-Faisal that they are not interested in developing WMD. The Saudi response was that their determination to proceed with enrichment of nuclear materials raised serious questions of their intent on this score. Saud al-Faisal noted that these Saudi arguments had been presented to the Iranians at a number of previous meetings. The Foreign Minister confided in the Ambassador that he believes the Iranians are following the North Korean example. North Korea had been target of US pressure, until it succeeded in developing a credible nuclear weapons program, he observed. Now that they have a nuclear deterrent, they are treated with deference and offered concessions, he added. The Ambassador passed the minister a diplomatic note describing the U.S. position concerning North Korea (reftel).

ISRAELI BOMB "ORIGINAL SIN"

¶16. Saud's opined that the US has to be consistent regarding nonproliferation. He likened the situation to ripples on a pond. Events in North Korea influence policy in the Middle East and vice versa. He said that as far as the Arab World is concerned, the existence of Israel's nuclear arsenal is the "original sin." He urged that the U.S. pressure Israel to sign the NPT. As long as Israel has WMD, all arguments against WMD development by other Middle Eastern states are impotent, he said. The Ambassador closed this subject by informing the Foreign Minister that the USG has collected evidence that North Korea has been shipping missile parts and technology to Iran, Syria, and Yemen. All of these deals have raised American concern for the stability of the region, he noted.

#### THE INTERNATIONAL COMPACT FOR IRAQ

¶17. C) The Ambassador briefed the Foreign Minister on the upcoming International Compact for Iraq Conference. Saud al-Faisal cautioned that Baghdad would not be an attractive location unless security could be assured. Otherwise security considerations would tend to distract attention from the purpose of the meeting and tempt insurgents.

#### NEITHER A BORROWER NOR A LENDER BE

¶18. (C) The Ambassador also briefed the Foreign Minister on the upcoming visit by Deputy Treasury Secretary Kimmit to the Kingdom. He noted the urgent need for debt relief for Iraq, pointing out that Saudi Arabia is one of Iraq's primary debt holders. The Ambassador observed that even though much of Iraq's debt has been forgiven, the remaining debt was a serious obstacle to Iraq raising loans from international financial institutions. To this, Foreign Minister Saud quietly quoted: "Neither a borrower nor a lender be." He insisted that, "Saudi Arabia is in debt, too." Although the government has paid down much of its sovereign debt, a large debt remains.

#### IRAQIS HAVE AVOIDED THE ISSUE

¶19. (C) The Foreign Minister noted that the Iraqi Prime Minister had discussed the Iraqi debt problem with the Ministry of Finance during his visit to the Kingdom. He then told the Ambassador that the Saudi government has long been calling for direct talks with the Iraqi Central Bank or Finance Ministry on the subject of Iraq's debt to Saudi Arabia, but to this point no one from Iraq has come to the Kingdom to discuss it. The Ambassador replied that the new government appeared ready to respond affirmatively to a Saudi offer. The Foreign Minister and the Ambassador agreed that a responsible Iraqi official should come to Saudi Arabia as soon as practical, preferably before the Iran Compact Conference, to discuss debt issues.  
Gfoeller